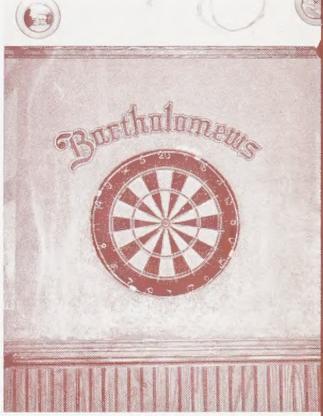
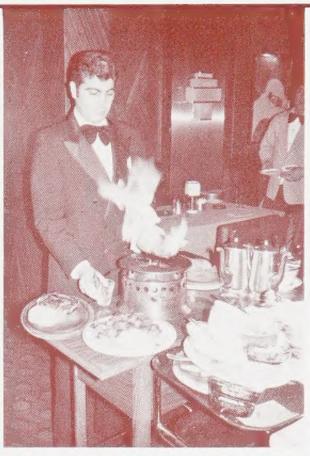
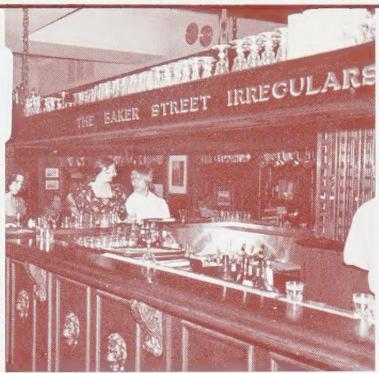


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HY'S OF CANADA LTD.

ANNUAL REPORT 1975



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Directors of the Company

Hy Aisenstat	President, Hy's of Canada Ltd.
Don Rosebourne	Vice President, Hy's of Canada Ltd.
Bernie Aisenstat	Vice President, Operations, Hy's of Canada Ltd.
Joe Garfin	Real Estate Manager, Hy's of Canada Ltd.
Jack Shatz	Eastern Division Manager, Hy's of Canada Ltd.
Alan Eyre	President, Dueck on Broadway Ltd.
Arthur R. Smith	President, International Jet Air Ltd.
Richard C. Baxter	Chairman, The Baxter Group Ltd.

Directors' Report to Members

Attached to this report are financial statements, with accompanying notes and Auditors' Report, which set out details of the Company's financial activities in the year ended September 30, 1975.

After five years of uninterrupted growth which saw our earnings from operations increase from 13¢ per share in 1970 to 73¢ in 1974, we have to report that our net earnings dropped to 51¢ in 1975, while our cash flow from operations remained almost the same at \$1.30 per share compared to \$1.39 in 1974. The biggest reason for the lower earnings despite high volume was the horrendous cost of beef from December 1974 until May 1975. The installation of our cooler and freezer facilities in 1975 helped to alleviate this to a degree and we expect greater rewards in the future now that we are in a position to lay in supplies against unusual price fluctuations. Another contributing factor was the high start up cost of our third Toronto operation, Sherlock's on Sheppard. This restaurant's performance is now gaining momentum and we look for further improvement this year.

Your company had approximately 865 employees at September 30, 1975 with an annual payroll of \$3,900,000 compared to 800 employees and \$3,300,000 the previous year. Under these circumstances we fall under the anti-inflation wage and price control guidelines and legislation. Fixed asset additions proved to be the largest in your Company's history and totalled in excess of \$2,250,000.

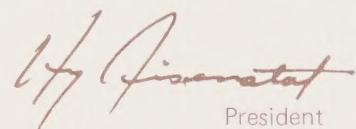
Since fiscal year end your Company has increased its holdings in the Village Green Inns at Duncan and Vernon from one third to 50%. In addition we have completed a major refurbishing of Little Harry's in Victoria, which has now reopened as the Hillside Inn. Also in Victoria in a joint venture with the Executive House we have opened an elaborate installation called Bartholomew's, which is already enjoying volumes beyond our expectations.

The year 1976 will be devoted to refurbishing our existing operations, particularly in Winnipeg, Calgary and Plaza II in Vancouver. Planning is under way and starts are intended during the current year for two new restaurants in the U.S. market. One will be located on company-owned property in Northbrook, Illinois, a suburb of Chicago. The other will be in Honolulu in company-owned condominium space in the Waikiki area. Neither of these operations will have any effect on our 1976 earnings, however they are expected to substantially improve our 1977 earnings.

Because the time and effort expended in operating in small centres has proven to be as consuming as large, we have decided to dispose of restaurants in smaller cities. In line with this we have sold our restaurant in Lethbridge, Alberta, and are pleased to report that an excellent capital gain was realized.

All in all, 1976 should prove to be a transitional year for the Company, and the directors, executives and employees are dedicated to make this as successful as possible for the future of the Company.

On Behalf of the Board



Hy Aisenstat
President



Consolidated Statement of Earnings

For the Year Ended September 30, 1975

	<u>1975</u>	<u>1974</u>
Income		
Sales	\$13,635,000	\$12,214,000
Management and rental income	259,000	280,000
Income from affiliates	168,000	142,000
	14,062,000	12,636,000
Expenses		
Cost of sales and administration	11,596,000	10,155,000
Interest (note 4)	227,000	146,000
Real estate expenses and rent	814,000	610,000
Depreciation	500,000	444,000
Amortization of deferred development expenses, contract rights and other intangibles	160,000	126,000
	13,297,000	11,481,000
Earnings before Undernoted Items	765,000	1,155,000
Provision for income taxes		
Current	240,000	567,000
Deferred	114,000	(20,000)
	354,000	547,000
	411,000	608,000
Minority Interest in Net Losses of Subsidiaries	24,000	29,000
Earnings before Extraordinary Items	435,000	637,000
Extraordinary Items (note 7)	39,000	97,000
Net Earnings for the Year	\$ 474,000	\$ 734,000
Earnings per Share		
Earnings before extraordinary items	51¢	73¢
Net earnings for the year	55¢	84¢

The accompanying notes are an integral part of this financial statement.



Consolidated Statement of Retained Earnings

For the Year Ended September 30, 1975

Retained Earnings, beginning of the year

	<u>1975</u>	<u>1974</u>
As previously reported	\$1,644,000	\$1,168,000
Prior period adjustment for income tax reassessments	44,000	—
As restated	<u>1,688,000</u>	<u>1,168,000</u>
Less: Dividends (note 8)	171,000	174,000
Part IX taxes (note 8)	27,000	28,000
Income taxes deferred in prior years (note 5)	23,000	12,000
	<u>221,000</u>	<u>214,000</u>
Add: Net earnings for the year	1,467,000	954,000
Retained Earnings, end of the year	<u>\$1,941,000</u>	<u>\$1,688,000</u>

The accompanying notes are an integral part of this financial statement.



Consolidated Statement of Changes in Financial Position

For the Year Ended September 30, 1975

Source of Working Capital

	<u>1975</u>	<u>1974</u>
Operations —		
Earnings before extraordinary items	\$ 435,000	\$ 637,000
Amounts not requiring a current outlay of funds		
Amortization	160,000	126,000
Depreciation	500,000	444,000
Deferred income taxes (non-current portion)	104,000	34,000
Minority interest	(24,000)	(29,000)
Undistributed earnings of affiliates	(62,000)	(60,000)
	<u>1,113,000</u>	<u>1,152,000</u>
Long-term borrowing	1,678,000	90,000
Proceeds from sale of fixed assets and shares of subsidiary	292,000	176,000
Investment by minority interest	(32,000)	184,000
Income tax reduction as a result of losses carried forward	—	5,000
Reduction in investments in affiliates	(18,000)	203,000
	<u>3,033,000</u>	<u>1,810,000</u>

Application of working capital

Repayment of long-term debt	301,000	247,000
Increase (decrease) in current portion of long-term debt	(91,000)	51,000
	<u>210,000</u>	<u>298,000</u>
Fixed assets additions	2,265,000	915,000
Other investments	9,000	62,000
Deferred development expenses	138,000	94,000
Purchase of treasury shares	42,000	14,000
Dividends	171,000	174,000
Part IX taxes	27,000	28,000
Income taxes deferred in prior years	23,000	12,000
	<u>2,885,000</u>	<u>1,597,000</u>

Decrease in Working Capital Deficiency	148,000	213,000
Working Capital (Deficiency), Beginning of the Year	(189,000)	(402,000)
Working Capital (Deficiency), End of the Year	<u>\$ (41,000)</u>	<u>\$ (189,000)</u>

The accompanying notes are an integral part of this financial statement.



Notes to the Consolidated Financial Statements

September 30, 1975

1. Significant accounting policies

(a) Basis of consolidation — The consolidated financial statements include the accounts of Hy's of Canada Ltd. and all of its subsidiaries:

B & B Management Ltd.
Babs Management Ltd.
Bernbourne Management Ltd.
Boyd Investments Ltd.
Carman Investments Ltd.
Duke Management Ltd.
Enrose Management Ltd.
Hycate Holdings Ltd.
Hydon Holdings Ltd.
Hy's of Chicago Ltd.
Hy's Steak House (Eastern) Limited
Jet-Line Services Ltd., and its wholly-owned subsidiary,
 Hy's Steak House Ltd.

The Steak Loft Ltd.
Twelve Caesars Restaurant Ltd. (51% owned)

At the year end the Company sold its 75% interest in Hy's Steak Out Ltd. The resultant gain of \$59,000 is included in extraordinary items (see note 7). Sales and net earnings of Hy's Steak Out Ltd. reflected in the consolidated statement of earnings are \$409,000 and \$4,000 respectively (1974 — \$397,000 and \$10,000).

(b) Foreign exchange — Assets, liabilities, income and expenses of operations in the United States have been converted to Canadian dollars at par. Use of average and year end exchange rates would not result in any material adjustment.

(c) Investments — Investments in 50% owned affiliated companies are accounted for by the equity method.

Investments in other affiliates (less than 50% owned) are accounted for by the cost method.

The consolidated balance sheet item "Investments — Affiliated companies" is comprised of:

	1975	1974
Advances	\$128,000	\$160,000
Shares, at cost	51,000	1,000
Equity in earnings (net) of 50% owned affiliates, less dividends received since acquisition of shares	94,000	32,000
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	\$273,000	\$193,000



Notes to the Consolidated Financial Statements

September 30, 1975

1. Significant accounting policies (continued)

- (d) Joint ventures — The consolidated financial statements include the Company's proportionate share of the assets, liabilities, income and expenses of unincorporated joint ventures. The Company is contingently liable for the total obligations of joint ventures. However, the total assets of the ventures are available to satisfy such obligations.
- (e) Depreciation — The provision for depreciation is calculated by the straight line method for all assets except automotive equipment which is calculated by the declining balance method. The estimated useful life of the assets concerned is six years for automotive equipment, forty years for buildings, ten years for furniture and equipment and not more than the term of the lease plus the first renewal for leasehold improvements.
- (f) Deferred development expenses, contract rights and other intangibles:
 - i. The companies capitalize as deferred development expenses all expenses incurred for a new restaurant prior to opening, plus any operating loss for the first three months of operations (before depreciation and amortization). These costs are then amortized over a three year period.
 - ii. Contract rights are amortized over the terms of the agreements.
 - iii. Other intangibles, including share issue expenses, goodwill and excess of cost of shares over net book value of subsidiaries are amortized over twenty years.
- (g) Comparative figures — The 1974 figures have been reclassified where applicable to conform with the presentation used in the current year and have been restated for the prior period adjustment.
- (h) Rounding — All dollar amounts are presented to the nearest \$1,000.

2. Accounts receivable

Included in accounts receivable is \$180,000 due on the sale of the Company's investment in Hy's Steak Out Ltd. The 1974 amount includes \$196,000 receivable on the sale of fixed assets.

3. Other investments

The Company's investment (\$113,000) in shares of a public restaurant company is included in the consolidated balance sheet category "Investments — other". The quoted market price of these shares exceeds the Company's aggregate cost. However, as a substantial number of the shares owned by the Company are subject to a pooling agreement, the quoted market price may not be indicative of the value of these shares.

The remaining assets included in this category are marketable securities, an interest in a restaurant partnership and miscellaneous investments.



Notes to the Consolidated Financial Statements

September 30, 1975

4. Long-Term Debt

	<u>1975</u>		<u>1974</u>	
	<u>Amount</u>	Due within one year	<u>Amount</u>	Due within one year
Bank term loan — bank prime rate plus 1½%, see (a) below . . .	\$1,575,000	\$ —	\$ —	\$ —
Mortgages payable — 9% to 12% maturing from 1978 to 1983 .	1,042,000	30,000	991,000	52,000
Other	<u>149,000</u>	<u>99,000</u>	<u>398,000</u>	<u>168,000</u>
	<u>\$2,766,000</u>	<u>\$129,000</u>	<u>\$1,389,000</u>	<u>\$220,000</u>

(a) At September 30, 1975 the Company had received advances of \$1,575,000 pursuant to a loan agreement with its bankers which was executed in October 1975. The loan agreement provides for a non-revolving term loan and an operating loan. Security for the loans, provided by the Company and certain subsidiaries as guarantors, includes (i) general assignments of book debts, (ii) pledge of marketable securities, (iii) specific charges on certain fixed assets and (iv) a floating charge upon all the real and personal property of the Company and certain subsidiaries subject to certain specific encumbrances.

The term loan is payable on demand, but the bank has agreed, except in the event of default, to allow repayment over a five year period. Further, the bank has agreed that no principal repayment will be required prior to October 1, 1976. The Debenture issued to the bank contains covenants relating, among other things, to the maintenance of certain financial ratios.

(b) Interest incurred during the year on long term debt amounted to \$214,000 (1974 — \$142,000).

5. Deferred income taxes

At September 30, 1974, accumulated deferred income taxes amounted to \$323,000, of which \$23,000 had not been recorded in the accounts. At September 30, 1975, accumulated deferred taxes amount to \$433,000, all of which are recorded in the accounts.



Notes to the Consolidated Financial Statements

September 30, 1975

6. Share capital

(a) Authorized

1,000,000 shares, no par value

(b) Issued

870,000 shares

\$2,071,000

(c) Treasury shares

	<u>Balance September 30, 1974</u>	<u>Acquired during the year</u>	<u>Balance September 30, 1975</u>
Number of shares	4,500	12,500	17,000
Cost	\$14,000	\$42,000	\$56,000

The quoted market price of these shares at September 30, 1975 was \$50,000 (1974 – \$14,000).

7. Extraordinary Items

The amount shown on the consolidated statement of earnings as "extraordinary items" is net of deferred income taxes of \$19,000 (1974 – \$39,000) and is comprised of:

	<u>1975</u>	<u>1974</u>
Gain on sale of shares in subsidiary	\$ 59,000	\$ –
Gain (loss) on sale of other assets	(15,000)	119,000
Income tax reductions resulting from the application of prior years' tax losses	–	5,000
Reduction in carrying value of advances to an affiliate and miscellaneous investments	(5,000)	(27,000)
	<u>\$ 39,000</u>	<u>\$ 97,000</u>

8. Dividends

During the year the Company increased its tax-paid undistributed surplus on hand by the payment of taxes of \$27,000 (1974 – \$28,000). Dividends paid out of tax-paid undistributed surplus during the year amounted to \$171,000 (1974 – \$174,000).

Notes to the Consolidated Financial Statements

September 30, 1975

9. Remuneration of directors and senior officers

	<u>1975</u>	<u>1974</u>
Eight directors in their capacity as directors	\$ 20,000	\$ 20,000
Five senior officers	<u>205,000</u>	<u>181,000</u>
	<u>\$223,000</u>	<u>\$201,000</u>

10. Commitments and contingent liabilities

- (a) Lease rentals — Minimum rentals, excluding rentals based on a percentage of sales, under existing lease agreements will be approximately \$475,000 annually over the next five years. Total rent incurred for the year ended September 30, 1975 including rent based on a percentage of sales amounted to \$625,000 (1974 — \$478,000).
- (b) Projects in progress — The estimated costs to complete construction in progress and amounts due on real estate purchases at September 30, 1975 aggregate approximately \$942,000.
- (c) Guarantees — The Company is contingently liable as guarantor of loans and advances to affiliated companies up to \$1,899,000. Other parties have indemnified the Company in the amount of \$1,033,000.

11. Subsequent events

- (a) The companies are subject to the anti-inflation legislation which became effective October 14, 1975. Among other things, distribution of the Company's retained earnings will be restricted by the legislation.
- (b) Commitments subsequent to September 30, 1975 for (i) acquisition of additional shares of an affiliate, (ii) purchase of a business, and (iii) fixed asset expenditures; amount to approximately \$938,000.
- (c) Subsequent to the year end the Company increased its tax-paid undistributed surplus on hand by the payment of taxes of \$15,000. On December 18, 1975 the Company paid dividends out of tax-paid surplus aggregating \$85,000.

Auditors Report

To the Shareholders of
Hy's of Canada Ltd.

We have examined the consolidated balance sheet of Hy's of Canada Ltd. and subsidiary companies as at September 30, 1975 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at September 30, 1975, and the results of their operations and the changes in their financial position for the year then ended, after due provision for minority interests, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Collins Banow
Chartered Accountants

Vancouver, Canada
January 23, 1976

Bankers:

Bank of Nova Scotia

Transfer Agents:Canada Permanent Trust
Toronto and Vancouver.**Stock:**Listed on the Toronto and
Vancouver Exchanges.**Hy's Steak House,**73 Richmond Street West,
Toronto, Ontario**Hy's Yorkville,**133 Yorkville Avenue,
Toronto, Ontario**Hy's Steak Loft,**216 Kennedy Street,
Winnipeg, Manitoba**Hy's Steak House,**Midtown Plaza,
Saskatoon, Sask.**Hy's,**316 - 4th Avenue S.W.,
Calgary, Alberta**Hy's Encore,**637 Hornby Street,
Vancouver, B.C.**Hy's at the Sands,**1755 Davie Street,
Vancouver, B.C.**Hy's Prime Rib,**1177 West Hastings Street,
Vancouver, B.C.**Plaza II,**1075 West Georgia Street,
Vancouver, B.C.**12 Caesars Restaurant,**595 Hornby Street,
Vancouver, B.C.**Hy's Steak House,**777 Douglas Street,
Victoria, B.C.**Hy's,**100E Walton,
Chicago, Illinois**Hillside Inn,**Hillside Shopping Centre,
3102 Shelbourne Street,
Victoria, B.C.**Kobe Japanese Steak House,**1042 Alberni Street,
Vancouver, B.C. (Affiliate)**Kobe Japanese Steak House,**

Honolulu, Hawaii (Affiliate)

Village Green Inn,141 Trans Canada Highway,
Duncan, B.C. (Affiliate)**Village Green Inn,**

Vernon, B.C. (Affiliate)

Sherlocks on Sheppard,

Toronto, Ontario

Bartholomews (Affiliate)777 Douglas Street,
Victoria, B.C.**Hy's of Canada Ltd.,**Head Office,
1152 Mainland Street,
Vancouver, B.C. V6B 2T9
(604) 684-3311

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EYS OF CANADA LTD.



INTERIM REPORT

MARCH 31, 1975



HY'S OF CANADA LTD.
INTERIM FINANCIAL REPORT
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 1975

June 20, 1975

PRESIDENT'S REPORT TO SHAREHOLDERS

While volume increased almost \$1,000,000 for the first six months ending March 31, 1975 against the same period last year, profits declined by \$100,000. The essential reason for these results was your Company's reluctance to raise prices during the recessionary period, despite the fact that both product and labour costs continued to rise. It should be noted, however, that we do not expect these results to be indicative of the current fiscal year as a whole. Now that conditions appear to have taken a turn for the better, we have raised our menu prices for the first time since May of 1974 and this has now been in effect for about two months as of the date of this report. Results are most encouraging and so far indicate that we not only expect earnings to rise for the balance of the year but also anticipate that they will equal last year's record.

Our newest restaurant and third to be located in Toronto has just opened and early signs are that it will be a substantial success. This restaurant, known as Sherlock's on Sheppard, is a slight departure from our usual format because of its proximity to our Steak House on Richmond Street.

The renovations and enlargement of Hy's Encore in Vancouver are now almost complete and will result in a significant increase in volume in that location. Work has also commenced on refurbishing Hy's Prime Rib which is expected to take some 3-4 months. These are only a couple of the developments that your Company is busy with at the moment. We can assure you, however, that our horizons are constantly being expanded and indeed we are in the midst of negotiation on what we believe to be several excellent opportunities involving new restaurants for Hy's of Canada, as well as upgrading many of the existing operations.

A complete summary of our activities and finalization of most of these plans should be available to the shareholders in the year end report six months down the line. In the meantime we wish to assure you that our restaurants are still enjoying excellent consumer acceptance and that our patronage seems to be very steady and ever enlarging.

Hy Aisenstat
President

HY'S OF CANADA LTD.

**CONSOLIDATED STATEMENT OF EARNINGS
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 1975**

	1975	1974
Income		
Sales	\$6,578,000	\$5,539,000
Management and rental income	104,000	168,000
Income from affiliates	36,000	29,000
	<u>6,718,000</u>	<u>5,736,000</u>
Expenses		
Cost of sales and administration	5,543,000	4,508,000
Interest	90,000	73,000
Real estate expenses and rent	361,000	313,000
Depreciation	249,000	196,000
Amortization of deferred development expenses, contract rights and other intangibles	77,000	51,000
	<u>6,320,000</u>	<u>5,141,000</u>
Earnings before undernoted items	<u>398,000</u>	<u>595,000</u>
Provision for income taxes		
Current	140,000	241,000
Deferred	29,000	15,000
	<u>169,000</u>	<u>256,000</u>
	<u>229,000</u>	<u>339,000</u>
Minority interest in loss (profit) of subsidiaries	4,000	(5,000)
Earnings before extraordinary item	<u>233,000</u>	<u>334,000</u>
Extraordinary item	1,000	—
Net earnings for the six month period	<u>\$ 234,000</u>	<u>\$ 334,000</u>
Earnings per share	<u>.27</u>	<u>.38</u>

NOTE:

1. The financial information presented in this report has been prepared from the Company's records without audit.
2. The 1974 comparative figures have been revised to reflect the adjusted income tax provision rate and the undistributed net earnings of 50% owned affiliated companies.

HY'S OF CANADA LTD.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE SIX MONTH PERIOD ENDED MARCH 31, 1975

SOURCE OF WORKING CAPITAL	1975	1974
Operations —		
Net earnings for the period	\$ 234,000	\$ 334,000
Amounts not requiring current outlay of funds:		
Depreciation	249,000	196,000
Amortization	77,000	51,000
Deferred income taxes	(45,000)	3,000
Minority interest	(4,000)	5,000
	<u>511,000</u>	<u>589,000</u>
Long term borrowing	1,000,000	—
Minority shareholder investment	—	136,000
Decrease in investments	2,000	23,000
	<u>1,513,000</u>	<u>748,000</u>
APPLICATION OF WORKING CAPITAL		
Repayment of long term debt	135,000	141,000
Decrease (Increase) in current portion of long term debt	22,000	(1,000)
	<u>113,000</u>	<u>142,000</u>
Additions to fixed assets (net)	509,000	467,000
Dividends including tax thereon	101,000	103,000
Deferred development expenses	86,000	46,000
Purchase of treasury shares	36,000	—
Income taxes deferred in prior years	7,000	7,000
Investment in affiliates	51,000	29,000
	<u>903,000</u>	<u>794,000</u>
Increase (decrease) in working capital	610,000	(46,000)
Working capital (deficiency) beginning of year	<u>(161,000)</u>	<u>(480,000)</u>
Working capital (deficiency) end of six month period	<u>\$ 449,000</u>	<u>\$ (526,000)</u>

HY'S OF CANADA LTD.

**CONSOLIDATED STATEMENT OF EARNINGS
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 1975**

**HY'S OF CANADA LTD.
CONSOLIDATED STATEMENT OF
CHANGES IN FINANCIAL POSITION
FOR THE SIX MONTH PERIOD
ENDED MARCH 31, 1975**

	1975	1974	1975	1974
	SOURCE OF WORKING CAPITAL		1975	1974
Income				
Sales	\$6,578,000	\$5,539,000		
Management and rental income	104,000	168,000		
Income from affiliates	36,000	29,000		
	<u>6,718,000</u>	<u>5,736,000</u>		
Expenses				
Cost of sales and administration	5,543,000	4,508,000		
Interest	90,000	73,000		
Real estate expenses and rent	361,000	313,000		
Depreciation	249,000	196,000		
Amortization of deferred development expenses, contract rights and other intangibles	77,000	51,000		
	<u>6,320,000</u>	<u>5,141,000</u>		
Earnings before undernoted items	398,000	595,000		
Provision for income taxes				
Current	140,000	241,000		
Deferred	29,000	15,000		
	<u>169,000</u>	<u>256,000</u>		
	229,000	339,000		
Minority interest in loss (profit) of subsidiaries	4,000	(5,000)		
Earnings before extraordinary item	233,000	334,000		
Extraordinary item	1,000	—		
Net earnings for the six month period	<u>\$ 234,000</u>	<u>\$ 334,000</u>		
Earnings per share	.27	.38		
APPLICATION OF WORKING CAPITAL				
Repayment of long term debt				
Decrease (Increase) in current portion of long term debt		22,000		(1,000)
		113,000		142,000
Additions to fixed assets (net)				
Dividends including tax thereon		509,000		467,000
Deferred development expenses		101,000		103,000
Purchase of treasury shares		86,000		46,000
Income taxes deferred in prior years		36,000		—
Investment in affiliates	7,000	7,000		
	51,000	29,000		
	<u>903,000</u>	<u>794,000</u>		
Increase (decrease) in working capital	610,000	(46,000)		
Working capital (deficiency) beginning of year	<u>(161,000)</u>	<u>(480,000)</u>		
Working capital (deficiency) end of six month period	<u>\$ 449,000</u>	<u>\$ (526,000)</u>		

NOTE:

1. The financial information presented in this report has been prepared from the Company's records without audit.
2. The 1974 comparative figures have been revised to reflect the adjusted income tax provision rate and the undistributed net earnings of 50% owned affiliated companies.

